

Eight Years of Progress in Fighting Long-Term Unemployment is Lost in only Twenty-Four Months

At any given point in time, a significant number of the people who are unemployed are only temporarily dislocated. This can come about as a result of an employer developing excess inventory that he feels he must reduce before he can afford to pay workers to continue production or because unusual weather has temporarily delayed a construction project or simply because a worker will experience a short hiatus in the process of changing jobs.

Such occurrences result in the loss of personal income and slow economic growth, but they are not nearly as damaging to the economy or society as longer-term unemployment, which can have a devastating impact on families and communities.

Impact on Individuals And Families

Studies demonstrate that individuals subject to long-term unemployment suffer significant emotional side effects. One study compiled from analysis of 30 years of data and published in *American Psychologist* found when unemployment rose by 1 percent, suicides nationally increased 4.1 percent, and homicides by 5.7 percent, and that admissions to mental hospitals also increased. The data also indicate that a wide array of serious problems continue to manifest themselves after a recession ends.

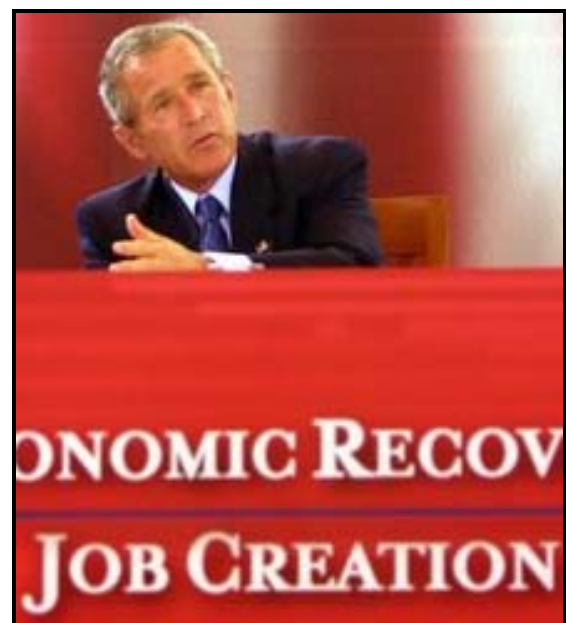
Longer-term unemployment is also associated with higher rates of mortgage default, evictions and personal bankruptcy. Researchers believe that it may be linked to increases spousal and

child abuse and it is clearly linked to increased risk of separation and divorce.

As a result, the Department of Labor has carefully kept tabulations on the numbers of individuals in the United States who are unemployed beyond the period of 15 weeks (the point at which unemployment has generally been considered to become “long-term.”)

Long-Term Unemployment Drops by 60% During Clinton Era

This data indicates that the United States experienced a dramatic decline in the number of individuals unemployed for more than 15 weeks during the 1990s. That decline began in January of 1993 when the number of long-term unemployed fell from 3,650,000 to 3,350,000. It continued with a few minor interruptions until February of 2000 when it bottomed out with only 1,270,000 long-term unemployed. As a percentage of the total labor force, the





long-term unemployed had dropped to below 1% for the first time in more than twenty-five years.

The economic recovery had been so strong that even hard-to-place individuals in some of the most depressed communities in the country were finding jobs. For the remainder of 2000 the number of long-term unemployed fluctuated in a range between 1,270,000 workers and 1,360,000 workers, never exceeding 1% of the total workforce. It remained in that range in January of 2001.

Long-Term Unemployment Nearly Back to Pre Clinton Levels

While overall employment levels improved during the early months of the Bush administration, long-term unemployment increased the month after he was sworn in, rising to 1,466,000 in February followed by an increase to 1,510,000 in March, where it stabilized for a period of three months, before moving up rapidly in July, August and September.

The number of long-term unemployed jumped by more than 200,000 in December, based on data released by the Labor Department two weeks ago. It now totals 3,225,000 - almost the same level as January, 1993.

There have been only two periods in the post World War II era when we have had more long-term unemployed than we have now. This included a 21-month period beginning in May of 1982 and a twelve-month period beginning in February of 1992.

Unprecedented Lack of Assistance

It is important to note that during both of these periods, federal efforts to lessen the economic impact of long-term joblessness on the unemployed and their families were much more substantial. In both instances, Republican presidents signed emergency measures that provided not only substantially more weeks of unemployment benefits than are now available, but also significant additional federal support for local services for the unemployed, including increased fuel assistance funds, increased support to community hospitals dealing with people who have lost health benefits and increased assistance to food banks.

Instead of those services, the long-term unemployed in this downturn may have the opportunity to avoid taxation on any dividends received.

